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4 Attorney for Defendants  
5 GERALD ARMSTRONG and  
6 THE GERALD ARMSTRONG CORPORATION

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 FOR THE COUNTY OF MARIN

10	CHURCH OF SCIENTOLOGY INTERNATIONAL, )	No. 157 680
11	a California not-for-profit )	
12	religious corporation, )	MEMORANDUM OF POINTS AND
13	Plaintiff, )	AUTHORITIES IN SUPPORT OF
14	vs. )	ARMSTRONG'S MOTION FOR
15	GERALD ARMSTRONG; MICHAEL WALTON; )	STAY PENDING COORDINATION
16	THE GERALD ARMSTRONG CORPORATION, )	<u>PROCEEDINGS</u>
17	a California for-profit )	
18	corporation; DOES 1 through 100, )	Date: November 12, 1993
19	inclusive, )	Time: 9:00 a.m.
20	Defendants. )	Dept: One
21	_____ )	Trial Date: None Set

22 **I. INTRODUCTION**

23 The instant case is one prong of a triad of cases currently  
24 being prosecuted against Gerald Armstrong and the Gerald Armstrong  
25 Corporation ("Armstrong" or "GA" or "TGAC") by the Church of  
26 Scientology International ("Scientology"). <sup>1/</sup> The other two

27 <sup>1</sup> The included cases are as follows:

- 28 (1) Church of Scientology International v. Gerald Armstrong, DOES 1 to 25, inclusive, Los Angeles County Superior Court, Case No. BC 052 395 ("Armstrong II");
  - (2) Church of Scientology International v. Gerald Armstrong;
- (continued...)

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1 parts of the triad are pending in Los Angeles County Superior  
2 Court. Both of those cases have been transferred before the same  
3 judge who has consolidated and stayed both of them pending a  
4 ruling from the Court of Appeal on the question of whether or not  
5 the provisions of the settlement contract that Scientology is  
6 trying to enforce are illegal and unenforceable.

7 In the instant case, Scientology is attempting in Marin  
8 County to prosecute issues and obtain discovery which it has been  
9 prevented from pursuing for the time being in Los Angeles. If the  
10 Court of Appeal rules that the settlement contract is  
11 unenforceable, the triad of cases will be dismissed because each  
12 is predicated upon the enforceability of said contract.

13 Armstrong submits that while the determination is made as to  
14 whether or not the instant action should be coordinated with the  
15 two pending, but stayed, actions in Los Angeles, the proceedings  
16 herein should be stayed.

17 **II. STATEMENT OF FACTS**

18 Armstrong incorporates, in full, the statement of facts set  
19 forth in his amended memorandum in support of the motion to  
20 commence coordination proceedings, which is also set for hearing  
21 on November 12, 1993.

22  
23 <sup>1</sup>(...continued)

24 The Gerald Armstrong Corporation; DOES 1 to 25, inclusive, Los  
25 Angeles County Superior Court, Case No. BC 084 642 ("Armstrong  
26 III");

27 (3) Church of Scientology International v. Gerald Armstrong;  
28 The Gerald Armstrong Corporation; DOES 1 to 100, inclusive, Marin  
29 County Superior Court, Case No. 157 680. ("Armstrong IV.")

This motion is brought in conjunction with a motion to  
commence coordination proceedings and should be read and  
considered in conjunction with the facts and arguments submitted  
in support of said motion.



1           The primary point which Armstrong wants this Court to note is  
2 that Scientology is attempting to conduct discovery in Marin  
3 County which it has been prohibited from conducting in the two  
4 stayed cases in Los Angeles. The cases in Los Angeles are stayed  
5 because the Courts there have decided to await the appellate  
6 court's guidance on the issue of the settlement contract's  
7 enforceability. Thus, while the Los Angeles Superior Court has  
8 decided that further litigation should await the appellate court's  
9 wisdom, the litigation upon the same subject matter in Marin  
10 Superior Court would contravene such determination of the Los  
11 Angeles Court were it to continue to proceed here.

12           The following chart will illustrate the manner in which  
13 Scientology is trying to indirectly conduct discovery in Marin  
14 County that it has been forestalled from conducting in Los Angeles  
15 County. Set forth in the left hand column the discovery device  
16 propounded in the instant litigation is set forth. Set forth in  
17 the right hand column is identification of the discovery device  
18 seeking substantially the same information. The discovery in the  
19 right hand column has been stayed in either Armstrong II or  
20 Armstrong III. <sup>2/</sup>

21  
22  
23  
24  
25

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26           <sup>2</sup> The Subpoena Duces Tecum dated June 5, 1992, served on  
27 TGAC in Armstrong II is Exhibit 1 (a). The Second Request for  
28 Production dated March 8, 1993, in Armstrong II is Exhibit 1 (b).  
The First Request for Production dated October 10, 1993, in  
Armstrong III is Exhibit 1 (c).

- |    |  |                              |
|----|--|------------------------------|
| 1  | <u>First Request for Production to</u> | <u>Matchup In</u>            |
| 2  | <u>Gerald Armstrong</u>                | <u>Stayed Action</u>         |
| 3  | 1) TGAC transfers                      | <u>Armstrong II</u> Subpoena |
| 4  |  | duces tecum to TGAC,         |
| 5  | 2) Fawn Drive                          | <u>Armstrong II</u> 2nd      |
| 6  |  | request for                  |
| 7  | 3) One Hell of a Story                 | production, 3/8/93,          |
| 8  |  | Nos. 1, 2, 3                 |
| 9  |  | <u>Armstrong III</u> 1st     |
| 10 | 4) Screenplay, etc.                    | request for                  |
| 11 |  | production, 10/10/93,        |
| 12 |  | Nos. 6                       |
| 13 | 5) Correspondence from E! TV           | <u>Armstrong III</u> 1st     |
| 14 |  | request for                  |
| 15 | 6) Correspondence to E! TV             | production, 10/10/93,        |
| 16 |  | Nos. 7                       |
| 17 |  | <u>Armstrong III</u> 1st     |
| 18 | 7) Correspondence sent re              | request for                  |
| 19 | One Hell of a Story                    | production, 10/10/93,        |
| 20 |  | Nos. 8                       |
| 21 | 8) Correspondence received re          | <u>Armstrong III</u> 1st     |
| 22 | One Hell of a Story                    | request for                  |
| 23 |  | production, 10/10/93,        |
| 24 |  | Nos. 9                       |
| 25 | 9) Correspondence sent re              | <u>Armstrong III</u> 1st     |
| 26 | manuscripts, etc                       | request for                  |
| 27 |  | production 10/10/93,         |
| 28 |  | Nos. 10                      |
|    | 10) Correspondence received re         | <u>Armstrong III</u> 1st     |
|    | manuscripts, etc                       | request for                  |
|    |  | production 10/10/93,         |
|    |  | Nos. 11                      |
|    |  | <u>Armstrong III</u> 1st     |
|    |  | request for                  |
|    |  | production 10/10/93,         |
|    |  | Nos. 12                      |
|    |  | <u>Armstrong III</u> 1st     |
|    |  | request for                  |
|    |  | production 10/10/93,         |
|    |  | Nos. 13                      |



1 Second Request for Production  
2 Gerald Armstrong

- |    |                                    |   |
|----|------------------------------------|---|
| 3  | 1) Conveyance of 707 Fawn          | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 4  |                                    |   |
| 5  | 2) State of title of 707           | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 6  |                                    |   |
| 7  | 3) Agreements with MLW re 707      | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 8  |                                    |   |
| 9  |                                    |   |
| 10 | 4) Property taxes                  | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 11 |                                    |   |
| 12 |                                    |   |
| 13 | 5) Payment of property taxes       | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 14 |                                    |   |
| 15 | 6) Agreements re property          | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 16 |                                    |   |
| 17 |                                    |   |
| 18 | 7) Liens on property               | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 19 |                                    |   |
| 20 | 8) Loan documents                  | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 21 |                                    |   |
| 22 |                                    |   |
| 23 | 9) Payments for transfers          | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 24 |                                    |   |
| 25 | 10) Payments household maintenance | <u>Armstrong II</u> 2nd<br>request for<br>production, 3/8/93,<br>Nos. 1, 2, 3 |
| 26 |                                    |   |
| 27 |                                    |   |
| 28 |                                    |   |

- 1 11) Bills re modifications Armstrong II 2nd  
2 request for  
3 production, 3/8/93,  
4 Nos. 1, 2, 3
- 5 12) Utility payments Armstrong II 2nd  
6 request for  
7 production, 3/8/93,  
8 Nos. 1, 2, 3
- 9 13) Accountants of GA and TGAC
- 10 14) GA and TGAC's financial conditions
- 11 15) GA and TGAC bank accounts
- 12 16) Transfers of TGAC stock to MLW
- 13 17) Property received from transfers to MLW

14 First Request for Production to  
15 Michael L. Walton

- 16 1) Conveyance of 707 Fawn Armstrong II 2nd  
17 request for  
18 production, 3/8/93,  
19 Nos. 1, 2, 3
- 20 2) State of title of 707 Armstrong II 2nd  
21 request for  
22 production, 3/8/93,  
23 Nos. 1, 2, 3
- 24 3) Agreements with GA or TGAC re 707 Armstrong II 2nd  
25 request for  
26 production, 3/8/93,  
27 Nos. 1, 2, 3
- 28 4) Property taxes Armstrong II 2nd  
request for  
production, 3/8/93,  
Nos. 1, 2, 3
- 5) Payment of property taxes Armstrong II 2nd  
request for  
production, 3/8/93,  
Nos. 1, 2, 3
- 6) Agreements re property Armstrong II 2nd  
request for  
production, 3/8/93,  
Nos. 1, 2, 3



- 1 7) Liens on property Armstrong II 2nd  
2 request for  
3 production, 3/8/93,  
4 Nos. 1, 2, 3
- 5 8) Loan documents Armstrong II 2nd  
6 request for  
7 production, 3/8/93,  
8 Nos. 1, 2, 3
- 9 9) Payments for transfers Armstrong II 2nd  
10 request for  
11 production, 3/8/93,  
12 Nos. 1, 2, 3
- 13 10) Payments household maintenance Armstrong II 2nd  
14 request for  
15 production, 3/8/93,  
16 Nos. 1, 2, 3
- 17 11) Bills re modifications Armstrong II 2nd  
18 request for  
19 production, 3/8/93,  
20 Nos. 1, 2, 3
- 21 12) Utility payments Armstrong II 2nd  
22 request for  
23 production, 3/8/93,  
24 Nos. 1, 2, 3
- 25 13) Accountants for business and  
26 Personal
- 27 14) Financial Condition
- 28 15) Business and Personal bank accounts
- 16) Transfers of TGAC stock to anyone
- 17) Property paid for transfers of cash  
or stock

First Request for Production to  
The Gerald Armstrong Corporation

- 1) Conveyance of 707 Fawn Armstrong II 2nd  
request for  
production, 3/8/93,  
Nos. 1, 2, 3

- 1 2) State of title of 707 Armstrong II 2nd  
2 request for  
3 production, 3/8/93,  
4 Nos. 1, 2, 3
- 5 3) Agreements with GA or MLW re 707 Armstrong II 2nd  
6 request for  
7 production, 3/8/93,  
8 Nos. 1, 2, 3
- 9 4) Property taxes Armstrong II 2nd  
10 request for  
11 production, 3/8/93,  
12 Nos. 1, 2, 3
- 13 5) Payment of property taxes Armstrong II 2nd  
14 request for  
15 production, 3/8/93,  
16 Nos. 1, 2, 3
- 17 6) Agreements re property Armstrong II 2nd  
18 request for  
19 production, 3/8/93,  
20 Nos. 1, 2, 3
- 21 7) Liens on property Armstrong II 2nd  
22 request for  
23 production, 3/8/93,  
24 Nos. 1, 2, 3
- 25 8) Loan documents Armstrong II 2nd  
26 request for  
27 production, 3/8/93,  
28 Nos. 1, 2, 3
- 9) Payments for transfers Armstrong II 2nd  
request for  
production, 3/8/93,  
Nos. 1, 2, 3
- 10) Payments household maintenance Armstrong II 2nd  
request for  
production, 3/8/93,  
Nos. 1, 2, 3
- 11) Bills re modifications Armstrong II 2nd  
request for  
production, 3/8/93,  
Nos. 1, 2, 3
- 12) Utility payments Armstrong II 2nd  
request for  
production, 3/8/93,  
Nos. 1, 2, 3



- 1 13) Accountants Armstrong II Subpoena  
2 duces tecum to TGAC,  
3 6/5/92, Nos. 1 -  
4 38
- 5 14) Financial Condition Armstrong II Subpoena  
6 duces tecum to TGAC,  
7 6/5/92, Nos. 1 - 38
- 8 15) Bank Accounts Armstrong II Subpoena  
9 duces tecum to TGAC,  
10 6/5/92, Nos. 1 - 38
- 11 16) Stock offerings Armstrong II Subpoena  
12 duces tecum to TGAC,  
13 6/5/92, Nos. 1 - 38
- 14 17) Transfers of TGAC stock to anyone Armstrong II Subpoena  
15 duces tecum to TGAC,  
16 6/5/92, Nos. 1 - 38
- 17 18) Transfer of assets from GA Armstrong II Subpoena  
18 duces tecum to TGAC,  
19 6/5/92, Nos. 1 - 38
- 20 19) Loans to TGAC Armstrong II Subpoena  
21 duces tecum to TGAC,  
22 6/5/92, Nos. 1 - 38
- 23 20) Employees Armstrong II Subpoena  
24 duces tecum to TGAC,  
25 6/5/92, Nos. 1 - 38
- 26 21) Payments to GA Armstrong II Subpoena  
27 duces tecum to TGAC,  
28 6/5/92, Nos. 1 - 38
- 29 22) Property paid for transfers  
30 from GA Armstrong II Subpoena  
31 duces tecum  
32 to TGAC, 6/5/92, Nos.  
33 1 - 38

34 **III. THE STAY MOTION SHOULD BE GRANTED**

35 California Rule of Court 1520 (b) allows a trial judge to  
36 stay all trial proceedings for no more than 30 days in order to  
37 provide a party sufficient time to submit a petition for  
38 coordination to the Chairman of the Judicial Council. Rule 1520  
39 (b) refers to Rule 1514 (e) which states:

40 In ruling upon an application for a stay order the



1 assigned judge shall determine whether the stay will  
2 promote the ends of justice, considering the imminence  
3 of any trial or other proceeding that might materially  
4 effect the status of the action to be stayed, and  
5 whether a final judgment in that action would have res  
6 judicata or collateral estoppel effect with regard to  
7 any common issue of the included actions.

8 In the instant case, as with the other included cases,  
9 Armstrong II and Armstrong III, if the Court of Appeal determines  
10 that the salient provisions of settlement contract are illegal,  
11 they will be unenforceable. Such ruling will terminate the triad  
12 of included cases. Two departments of the Los Angeles Superior  
13 Court, far more familiar with the Scientology-Armstrong litigation  
14 than this Court, have stayed all litigation there because those  
15 departments know that the common issues of the contract's legality  
16 may dispositively resolve the litigation. Thus, they await the  
17 wisdom of the Court of Appeal. Should this Court take a different  
18 approach, the effect thereof would be to undermine and undo what  
19 the Los Angeles Superior Court has done.

20 **IV. CONCLUSION**

21 Based upon the foregoing points and authorities, defendants  
22 respectfully submit that the motion to stay pending coordination  
23 proceedings should be granted while the matter referred to the  
24 Chairperson of the Judicial Council.

25 DATED: October 28, 1993

HUB LAW OFFICES

By: 

FORD GREENE

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Petitioners GERALD ARMSTRONG  
and THE GERALD ARMSTRONG  
CORPORATION